

Message Text

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62

ACTION EB-07

INFO OCT-01 EUR-12 EA-06 IO-10 ISO-00 AF-06 ARA-06 NEA-09

OIC-02 FEA-01 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00

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FM USMISSION GENEVA

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INFO AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

AMEMBASSY CANBERRA

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PASS AGRICULTURE

E.O. 11652: NA

TAGS: GATT

SUBJECT: JAPANESE ARTICLE XXII CONSULTATIONS ON MEAT

REF: STATE 025252

1. SUMMARY. ARTICLE XXII CONSULTATIONS ON JAPAN'S BEEF IMPORT RESTRICTIONS WERE HELD BETWEEN AUSTRALIA, NEW ZEALAND, THE UNITED STATES AND JAPAN ON FEBRUARY 17TH AND 18TH. THE JAPANESE DELEGATION EXPLAINED AT LENGTH RECENT DEVELOPMENTS IN JAPAN'S BEEF SITUATION. THEY ALSO INDICATED THAT JAPAN IS ABOUT TO PROMULGATE A NEW SUPPORT SYSTEM FOR BEEF. IN SPITE OF STRONG URGINGS FROM AUSTRALIA, NEW ZEALAND AND THE U.S., THE JAPANESE DELEGATION DID NOT HOLD OUT ANY HOPE FOR EARLY TERMINATION OF JAPAN'S BEEF EMBARGO. END SUMMARY.

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2. ON FEBRUARY 17TH AND 18TH, ARTICLE XXII CONSULTATIONS ON

JAPAN'S BEEF EMBARGO WERE HELD BETWEEN AUSTRALIA, NEW ZEALAND AND THE UNITED STATES ON THE ONE SIDE, AND JAPAN ON THE OTHER. TAKASU(MINISTRY OF AGRICULTURE), WHO LED THE JAPANESE DELEGATION, DESCRIBED AT LENGTH RECENT DEVELOPMENTS IN THE JAPANESE BEEF ECONOMY. HIS EXPLANATIONS CONSISTED IN SUBSTANCE IN DESCRIBING HOW JAPAN'S BEEF GROWERS IN RECENT YEARS WERE FIRST ENCOURAGED TO EXPAND PRODUCTION ON ACCOUNT OF STRONG PRICES BUT HOW THEY WERE LATER ON SUBJECTED TO A PRICE COST SQUEEZE OWING TO FALLING CONSUMER DEMAND AND RISING COSTS OF INPUTS. TAKASU'S EXPLANATIONS WERE DOCUMENTED BY VOLUMINOUS STATISTICS WHICH ARE BEING AOR POUCHED TO THE DEPARTMENT.

3. TAKASU CONCLUDED HIS DESCRIPTION WITH A TENTATIVE ESTIMATE OF THE OUTLOOK FOR 1975. ACCORDING TO THIS ESTAMATE, TOTAL DE-AMDN FOR BEEF IS EXPECTED TO REMAIN AT ABOUT THE SAME LEVEL AS IN 1974, I.E., 400,000 MT. HOWEVER, PRODUCTION IS EXPECTED TO INCREASE TO SOME 350,000 MT. WITH BEGINNING 1975 STOCKS OF 30,000 MT, TOTAL SUPPLY IN 1975 WOULD THUS AMOUNT TO 380,000 MT, LEAVING A SHORTFALL OF 20,000 MT.

4. NOTWITHSTANDING THE ESTIMATED SHORTFALL, WHICH IS EXPECTED TO OCCUR IN THE LATTER PART OF 1975, THE JAPANESE DELEGATION DID NOT HOLD OUT ANY PROMISE FOR AN EARLY RESUMPTION OF IMPORTS. THE EXPLAINED CONFIDENTIALLY THAT THEIR INABILITY TO INDICATE AT PRESENT WHEN IMPORTS MAY BE AGAIN PERMITTED IS LESS MOTIVATED BY ECONOMIC THAN BY POLITICAL CONSIDERATIONS.

5. TAKASU ALSO INDICATED THAT THE JAPANESE GOVERNMENT IS PRESENTLY CONSIDERING THE SETTING UP OF A BEEF SUPPORT SYSTEM WHICH WOULD CLOSELY RESEMBLE THEPRESENT JAPANESE SUPPORT SYSTEM FOR PORK. THE MAIN FEATURES OF THIS SYSTEM WOULD BE A FLOOR AND A CELING PRICE. IF DOMESTIC BEEF PRICES WERE TO FALL TO THE FLOOR LEVEL, THE JAPANESE MEAT COOPERATIVE (LIPC) WOULD ENTER THE MARKET AND PURCHASE BEEF. IF DOMESTIC BEEF PRICES WERE TO REACH OR EXCEED THE CILING PRICE, LIPC WOULD SELL FROM ITS STOCK. THE LEVEL OF THE FLOOR AND CEILING PRICES AS WELL AS THE KIND OF BEEF ELIGIBLE FOR INTERVENTION HAVE NOT YET BEEN DECIDED. THE SUPPORT PRICES WOULD BE RELATED TO MAREKT PRICES IN THE MAIN MARKET CENTERS, I.E., TOKYO AND OSAKA.

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6. AUSTRALIAN, NEW ZEALAND AND U.S. DELEGATIONS EXPRESSED KEEPN DISAPPOINTMENT ABOUT JAPAN'S INABILITY TO INDICATE AN EARLY DATE FOR THE RESUMPTION OF IMPORTS. WHEN HARD PRESSED, THE JAPANESE DELEGATION INTIMATED THAT IT MIGHT BE POSSIBLE TO OPEN IMPORT QULTAS FOR HOTEL USE AND FOR OKINAWA. AUSTRALIA AND NEW ZEALAND REPLIED THAT SUCH QUOTAS WOULD BE EXTREMELY SMALL AND COULD NOT BE CONSIDERED AS A SATISFACTORY SUBSTITUTE FOR REGULAR IMPORT QUOTAS. THE THREE DELEGATIONS ALSO EXPRESSED CONCERN ABOUT THE POSSIBLE IMPORT-RESTRICTIVE

EFFECT OF THE NEW BEEF SUPPORT SCHEME. HOWEVER, THE JAPANESE EXPLAINED THAT THIS NEW SYSTEM WOULD NOT IN ANY WAY AFFECT THEIR GOVERNMENT'S IMPORT POLICY.

7. WHEN QUESTIONED, THE JAPANESE DELEGATION WAS UNABLE TO STATE HOW THE PRESENT IMPORT EMBARGO COULD BE JUSTIFIED UNDER THE RULES OF GATT.

8. THE QUESTION OF WHETHER THERE SHOULD BE FURTHER ARTICLE XXII CONSULTATIONS OR WHETHER THE MATTER SHOULD BE PURSUED BILATERALLY WITH THE JAPANESE AUTHORITIES WAS LEFT OPEN.
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